



## STABLE VALUE FIXED

Active Management

December 31, 2012



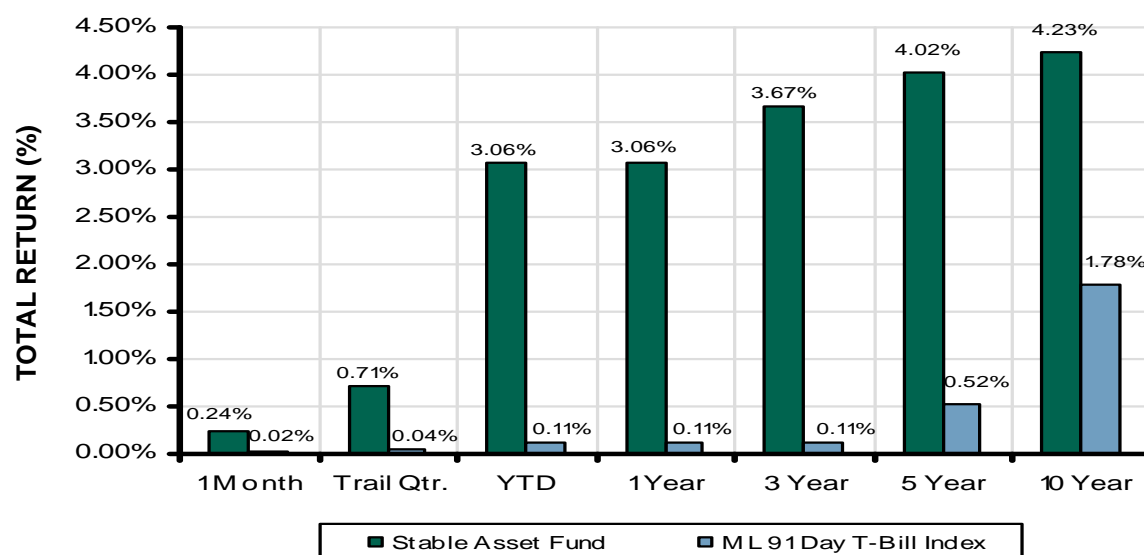
Northern Trust

**OBJECTIVE**

Northern's Collective Stable Asset Fund seeks to provide a market rate of return consistent with the preservation of capital through a short duration, high quality portfolio.

**CHARACTERISTICS (As of 12/31/12)**

FUND PROFILE	12/31/2012	09/30/2012	12/31/2011
Total Assets	\$ 959.5 MM	\$928.8 MM	\$ 969.7 MM
Average Yield	2.96%	3.06%	3.18 %
Average Duration	2.8 years	2.8 years	2.8 years
Average Credit Quality	Aa2	Aa2	Aa2
Market-to-Book Ratio	105.8	106.5	105.0

**PERFORMANCE (As of 12/31/12)**

Performance results are presented gross of investment management fees. Performance shown for periods greater than one year is annualized. Additional performance information is provided in the "Information" section at the end of this document.

**MARKET COMMENTARY (4th QUARTER 2012)**

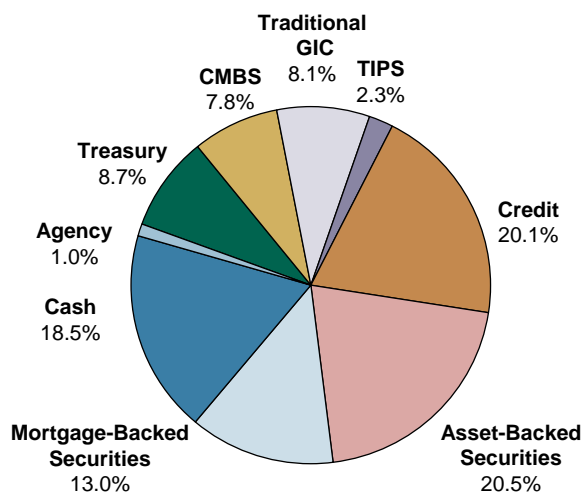
When the American Taxpayer Relief Act of 2012 (ATRA) was passed by the House of Representatives on New Year's Day 2013, the "fiscal cliff" was avoided at least for the time being. Consuming virtually all of the market's focus over the final six weeks of the quarter, the threat of the "fiscal cliff" seemingly loomed larger than the lead up to Y2K, President Obama's re-election and the current on-going Eurozone debt situation...combined. All the while the domestic economy demonstrated signs of revitalization, particularly as it pertained to both growth and employment gains. Third quarter Gross Domestic Product (GDP) growth measured 3.1%, up considerably from 1.3% in the second quarter. And, with over 1.8 million jobs added throughout 2012, the unemployment rate ended the year at 7.8% - the lowest it's been since early 2009. Ongoing quantitative easing moves implemented by the Federal Reserve provided incentive for investors to move away from the "risk-off" trade. As such, flight-to-quality demand waned and interest rates increased throughout the quarter with the two-year US Treasury note yield gaining 1 basis point to 0.24% and the five-year US Treasury note yield gaining 10 basis points to 0.72%.

Four full years following the credit crisis and the stable value marketplace continues to evolve with underlying portfolio strategies adapting to meet changing market dynamics. New and existing synthetic book value wrap providers have an increased appetite for additional separately managed account business at a time when participant demand for stable value is strong. Principal preservation continues to be the primary objective for stable value and of utmost importance to plan participants.

## PORTFOLIO DIVERSIFICATION

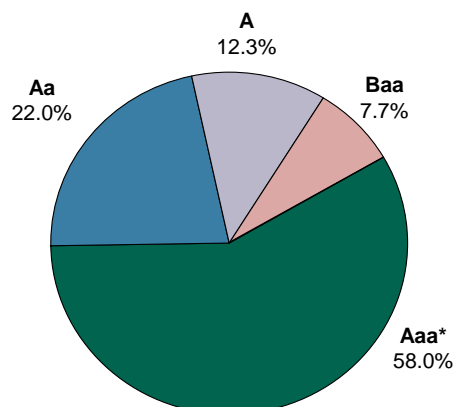
Diversification can reduce portfolio risk by minimizing sector and company-specific exposure. Fund assets are managed in an effort to diversify across many fixed income asset sectors and, within those sectors, to diversify among multiple issuers.

## Sector Diversification



\*Includes sector exposure of the Northern Trust collective bond index funds and short term investment fund in which the stable asset fund invests.

## Portfolio Quality Distribution

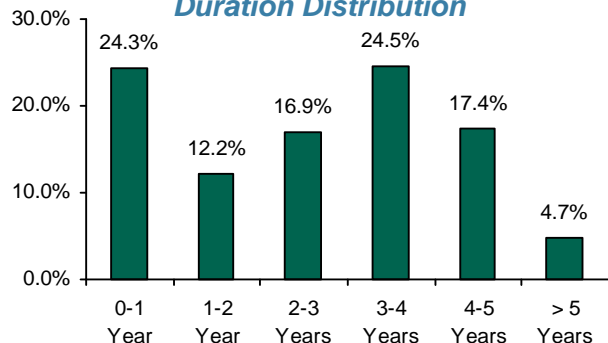


\*Aaa includes U.S. Treasury Securities and cash investments.

## Top Wrap Contract Providers

1. NATIXIS Financial Products Inc.	25.2%
2. ING Life & Annuity	20.1%
3. State Street Bank and Trust Company	16.5%
4. Pacific Life	9.3%
5. Monumental Life (Aegon)	3.1%
6. Principal Life Insurance Company	3.0%
7. Protective Life	2.6%
8. Prudential	2.5%

## Duration Distribution



## Component Fund Allocation

Asset-Backed Securities Bond Index Fund	16.9%
Intermediate Credit Bond Index Fund	17.4%
Mortgage-Backed Securities Bond Index Fund	12.0%
Commercial Mortgage-Backed Bond Index Fund	6.1%
Intermediate Government Bond Index Fund	1.7%
Short-Term Government Bond Index Fund	4.6%
Treasury Inflation Protected Securities Index Fund	2.3%
Short-Term Credit Bond Index Fund	2.1%
Long Term Government Bond Index Fund	2.3%
Short Term Investment Fund	17.7%
<b>Total Component Funds</b>	<b>83.1%</b>
Liquid Portfolio Securities	8.8%
Traditional GIC	8.1%
<b>Total Fund Investments</b>	<b>100.0%</b>

## ADDITIONAL INFORMATION

Note: There can be no guarantee that the Fund's objective will be achieved, and current investments are subject to potential loss if the issuing institutions suffer insolvency. Some information contained herein has been obtained from third-party sources and has not been independently verified by Northern Trust Company. The Company makes no representative as to the accuracy or the completeness of any of the information herein.

The above information has been prepared in conjunction with the sub-advisor. While we believe the sources on which it is based to be accurate, this information is unaudited, and subject to review and revision.

## INFORMATION

## STABLE ASSET FUND – Annual Returns

Year	Fund	Index	Product Asset (\$mil)	Firm Assets (\$mil)
2012	3.06%	0.11%	959.5	630,253.1
2011	3.57%	0.10%	969.7	545,520.6
2010	4.38%	0.13%	790.6	469,395.1
2009	4.55%	0.21%	777.2	449,099.3
2008	4.56%	2.06%	779.4	393,273.2
2007	4.81%	5.00%	735.5	443,547.1
2006	4.65%	4.85%	671.0	397,133.6
2005	4.37%	3.07%	635.9	343,655.0
2004	3.99%	1.33%	655.0	325,494.5
2003	4.34%	1.15%	699.4	285,539.3

Information is provided to illustrate typical sectors and securities in which the portfolio may invest and to reflect representative portfolio characteristics. It should not be considered investment advice or a recommendation to buy or sell any security. There is no guarantee that securities remain in the portfolio or that securities sold have not been repurchased. It should not be assumed that any investments were profitable or will prove to be profitable, and past performance does not guarantee future results. Past performance is no guarantee of future results. Periods greater than one year are annualized except where indicated. Returns reflect the reinvestment of dividends and other earnings and are shown before the deduction of investment management fees, unless indicated otherwise. Returns of the indexes also do not typically reflect the deduction of investment management fees, trading costs or other expenses. It is not possible to invest directly in an index. Indexes are the property of their respective owners, all rights reserved.

Actual portfolio returns would be reduced by investment management fees and other expenses relating to the management of your account. To illustrate the effect of the compounding of fees, a \$50 million account which earned a 10% annual return and paid an annual fee of 0.07% would grow in value over five years to \$80.5 million before fees and \$80.3 million after deduction of fees. For additional information on fees, please read Part II of the Form ADV or consult your Northern Trust Representative.

There are risks involved in investing including possible loss of principal. There is no guarantee that the investment objectives or any fund or strategy will be met. Risk controls and asset allocation models do not promise any level of performance or guarantee against loss of principal. All material has been obtained from sources believed to be reliable, but the accuracy, completeness and interpretation cannot be guaranteed.

Asset Management at Northern Trust comprises Northern Trust Investments, Inc. (NTI), Northern Trust Global Investments Limited (NTGIL), Northern Trust Global Investments Japan, K.K. (NTGIJ), The Northern Trust Company of Connecticut (NTCC), and its subsidiaries, including NT Global Advisors, Inc., and investment personnel of The Northern Trust Company (TNTC), to offer investment products and services to personal and institutional markets. The fund is a collective investment trust (CIT) and is privately offered. Prices are not available in publication and a fund prospectus is not required. Please contact your service representative for further information.

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Not FDIC Insured / May Lose Value / No Bank Guarantee
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